

**WORK SESSION
OF THE BRIGHAM CITY COUNCIL
TO PRIORITIZE FUTURE PROJECTS
JULY 16, 2008
4:00 P.M.**

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| PRESENT: | Lou Ann Christensen | Mayor |
| | Bruce Christensen | Councilmember |
| | Scott Ericson | Councilmember |
| | Reese Jensen | Councilmember |
| | Ruth Jensen | Councilmember |
| | Bob Marabella | Councilmember |
| ALSO PRESENT: | Ben Boyce | Director of Parks and Recreation |
| | Mary Kate Christensen | City Recorder |
| | Paul Larsen | Director of Economic Development |
| | Kristy Law | Recreation Superintendent |
| | Bruce Leonard | City Administrator |
| | Mike Nelsen | Police Lieutenant |
| | Dennis Sheffield | Director of Finance |
| | Paul Tittensor | Chief of Police |

Sports Complex Update

Mr. Bruce Jorgensen from GSBS Architects gave a 3D look at the proposed complex on 800 West. There are 63 acres available for this complex. The main entrance would be on the west side, with another entrance on the northwest corner on 1200 West and potentially another entrance on 1050 West. Phase I would cost approximately \$9.4 million and would include two ball diamonds, restrooms and parking. Phase II includes a soccer and practice field complex, parking for this phase, areas for picnicking, playground, restrooms, and shelters. This phase would cost \$5,449,593. The third phase includes more parking, tennis courts, restroom, playground areas and pavilion and is estimated at \$1,970,141. Phase IV would be possible acquisition of more property, estimated at \$1,958,821. Phase V has the potential for a basketball and recreation center. It is projected this will cost \$10 million. These dollar amounts do not include infrastructure costs, they are from the property line in.

Mr. Fonnesbeck came forward and discussed the infrastructure costs. The cost to bring the water from Forest Street, including looping the water line, would cost approximately \$5,616,000.

Space Needs Consultant Summary

Sara Miller from MHTN Consultants stated that they started their study several months ago. They found that the space facility at City Hall is quite serious. The employees at City Hall currently occupy a little over 16,000 gross square feet. Their current and 5-year need is for almost 42,000. This is 2 ½ times the current space. The majority of the shortage is in the Police Department. They need over four times their current space.

The configuration of City Hall is not conducive to reconfiguring or making use of the building. It is set up in halves and is separated by the stairs and the elevator. It would be difficult to expand departments because of its configuration.

Mr. Peter Moyes stated that the City is currently operating on about 40% of the needed space. Two departments that are really suffering are the Police Department and the Mayor's Office who are operating with less than 25% of the space needed to do their job well.

Mr. Moyes said they observed that there has been a pent up need that has built up over many years. Growth has been relatively slow, but the City is so far behind initially, that unless steps are taken to catch up the problem will continue to get worse.

During their analysis process they tried to look at options to reduce construction costs. One of those options was to reuse City Hall for some departments; however, the building cannot support a reconfiguration to fit enough employees to resolve the situation.

Mayor Christensen explained that the reason this project has been brought forward is because of the situation with the County and their willingness to work with the City on the Justice Court.

Office Space for Economic Development Director and Administrative Assistant

Paul Larsen came forward and said he is out of the office 50% of the time. He felt that his office could probably be used more efficiently by someone who is at City Hall more often. He suggested that he and his Administrative Assistant could move to another building. He has been looking at the Newman Building as a possibility. He added that this would be a short-term fix. He explained that there is currently no space for his secretary at City Hall. The Heritage Foundation could also rent some space at the Newman Building.

Mr. Larsen said he took Don Harley, architect with the Division of State History, into the building and he felt it was possible to remodel it and make it functional. There are some other volunteers that could help with interior modification.

Mr. Larsen stated that one possibility for funding is the RDA facade grant and revolving loan fund, which has not had any activity for 2-3 years.

\$500,000 Match for Bear River Access Road Construction Project

Mr. Fannesbeck came forward and the Bear River Access Road project is moving forward. A few years ago the Council agreed to fund the \$500,000 match for the grant. Mayor Christensen added that this is an \$8 million project and the City's match was 20%. The City received \$1.3 million from other funding for the match. There is \$500,000 remaining.

Mayor Christensen said this is a federal project, and the road should be constructed by the federal government. Senator Hatch was in her office last week and he told her that whatever was needed, they wanted this road constructed.

Councilmember Ericson agreed that the federal government should fund this, but if they do not, the City should be prepared to pay the \$500,000.

Councilmember Marabella suggested putting \$250,000 in next year's budget and \$250,000 in the following year so the City is prepared. The Council agreed.

Financing Options

Mr. Alex Buxton from Zions Bank and Mr. Sheffield approached the table. Mr. Buxton said there are several options available to the City to finance these projects. He reviewed three of the options:

- 1) General Obligation Bonds - The source of security for GO bonds is property taxes and the source of repayment is property taxes. These bonds require a majority vote of the people. It is the least risky and has the lowest interest rates.
- 2) Sales Tax Revenue Bonds - The source of security for revenue bonds is sales tax and most of the time these taxes are used to make debt service payments; however, there is no obligation to do so. When these types of bonds are issued it is a requirement for debt service coverage. Typically, depending on the type of enterprise fund, the market the bonds are sold to require at least a 1.25 times coverage on the annual debt service payment.
- 3) Revenue Bonds - This would be a bond for a utility, such as water or sewer. The enterprise revenue source would be used as security and the revenues from the enterprise fund would be used to make the debt service every year.
- 4) Local Bond Authority Lease (or Municipal Building Authority(MBA)) Revenue Bonds - These bonds are similar to a mortgage and is typically used for buildings. If this type of bond were used for a new City Hall, the building would be used as the source of security. The source of revenue can come from several funds, basically whatever is available, such as property taxes or other revenues that the City is able to annually appropriate to pay off the bonds. There is a little higher risk with this bond because it is not considered debt because each year the MBA has to annually decide whether to appropriate the following year's payment.

- 5) Tax Anticipation Bonds - These are usually short-term obligation bonds, usually used for interim financing if a municipality wants to issue a tax for a revenue bond that is backed by a certain tax or revenue stream that is anticipated in the near future, but the money is needed sooner than that.

Mr. Buxton said the fair market value of the City is \$976,000,000. Adding in uniform fees it is over \$1 billion. Legally, the City could issue 8% of that amount for GO bonds to be used for water, sewer and electric purposes, or \$84,000,000. For all other purposes there is a 4% limit, or \$37,000,000.

Mr. Sheffield reviewed a table indicating bonds that will be paid off within the near future and expected future revenue. The golf course GO bond was paid off in June 2008. The fire and ambulance bonds will be paid off at the end of 2010. The swimming pool bond has been paid off. Once these bonds are paid, that tax is no longer collected from the citizens. To realize the revenue shown for the bonds, the City must increase the property tax rate in the General Fund or issue additional GO bonds.

The City will begin receiving tax increment payments from Nucor in June 2010. This will be \$270,163.

It is anticipated Procter and Gamble (P&G) will use 3,000,000 gallons of water a day at full capacity. P&G originally thought they would use 4,000,000 gallons per day, but they are using some conservation measures that will decrease their usage to 3,000,000. With the 15% transfer to the General Fund, this will result in an additional \$334,000 to the General Fund beginning 2010.

Questions and Comments

Councilmember Christensen asked what kind of revenue stream the sports complex will bring in. Mr. Boyce replied that when compared with St. George, they have a lot more restaurants and hotels. They estimate \$1 million of economic development growth to the community per tournament. Councilmember Marabella felt this number was deceiving because the City does not get all the sales tax money, they only receive a percentage. He suggested figuring how much sales tax Peach Days generates and then figure how much of that sales tax really goes to the City. Mr. Boyce said their department clears \$1,000-\$2,800 per tournament from registration. Mr. Sheffield said the City received approximately \$65 on every \$1,000 spent. Mr. Moyes said they work with a company that does economic analysis and they estimate for every dollar generated 3-6% goes back to the municipality.

Mr. Boyce explained that municipalities do things for public recreation that will not be paid back in terms of the use. The golf course and swimming pool is an example of this. It is an amenity that the community chooses to have and support, but it very seldom pays for itself. He said the sports complex would be something that would be built for the future of the community. The City is at a maximum usage as far as softball fields are concerned. Teams do not have any times to practice because there are always games on the fields and they have had to turn people away.

Councilmember Reese Jensen said he is more in favor of a new facility than a sports complex. The City is behind the curve on its facility needs. One of the reasons for that is because other things have out prioritized the facility needs for a long time, now it is time to catch up. If some of the facility needs had been addressed years ago it wouldn't cost as much as it would now. He felt that there is a serious facility need that should be addressed. These other projects are nice, but they fall more into quality of life rather than the needs to run the City. Councilmember Marabella said another aspect of this decision is the political side of it, and the EMS Building is a political nightmare. Citizens are still upset about this complex. He felt that if the City put a bond on the election shortly after the EMS Building was built, the citizens will not vote for it, whether it is needed or not.

Councilmember Ruth Jensen said the Council's responsibility is to provide the basic infrastructure for citizens. Basic services, such as the Police Department, should be the Council's top priority. The Council is only in their positions for four years; City employees are here for 20-25 years. It is easy for the Council to put it off until they are not on the Council, but the employees will still be here, and the facility needs will still exist.

Ms. Law said the complex should not be classified as entertainment. It is a way to bring people to Brigham City. The Quality of Life Team has talked to the Recreation Department about this complex. It is a way to bring revenue into Brigham City.

Councilmember Christensen said generally, City facilities do not do very well in a bond election, although police facilities do a little better. Mayor Christensen added that the City has an opportunity with the County to do a joint facility.

Councilmember Reese Jensen expressed concern with allowing politics to drive this. The City has a basic need. The Council should have the courage to step up and do it.

Councilmember Ericson felt that the Council is thinking that something has to be built and it doesn't matter what, and if the sports complex doesn't pass, then the City will try to push the facility building. It feels like the Council something has to be built. He sees a need on both sides. Councilmember Christensen said the only time frame is with the County for the Justice Court. He said he is not in favor of taking on debt unless there is a pressing need. Councilmember Reese Jensen felt there is a sense of need for more space, but not so much a need for a sports complex.

The Council wanted time to review the information presented, ask any more questions to staff, and talk to some citizens about the options before a decision was made. Another work session was scheduled for **August 7 at 5:30.**

The meeting adjourned at 6:08 p.m.